

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

In re:	§	
	§	
SW OWNERSHIP, LLC,	§	Case No. 11-10485-cag
	§	
Debtor.	§	Chapter 11

**DEBTOR'S MOTION TO CONVERT
CHAPTER 11 CASE TO A CASE UNDER CHAPTER 7**

**THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO
YOUR INTERESTS.**

**IF NO TIMELY RESPONSE IS FILED WITHIN TWENTY-ONE (21)
DAYS FROM THE DATE OF SERVICE, THE RELIEF REQUESTED
HEREIN MAY BE GRANTED WITHOUT A HEARING BEING HELD.**

**A TIMELY FILED RESPONSE IS NECESSARY FOR A HEARING TO
BE HELD.**

TO THE HONORABLE CRAIG A. GARGOTTA, UNITED STATES BANKRUPTCY
JUDGE:

SW Ownership LLC (the "Debtor"), the debtor and debtor-in-possession in the above-captioned bankruptcy case, files its Motion to Convert Chapter 11 Case to a Case Under Chapter 7 (the "Motion"), pursuant to 11 U.S.C. § 1112(a), and in support thereof would respectfully show the Court as follows:

I. JURISDICTION AND BACKGROUND

1. On February 28, 2011 (the "Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code, thereby initiating the above-captioned case with the Court.

2. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtor remains in possession of its property and is managing its business and affairs as a debtor-in-possession.

No trustee or examiner has been appointed in this case and no committees have yet been appointed or designated.

3. The Court has jurisdiction over this case and Motion pursuant to 28 U.S.C. §§ 157 and 1334. This Motion involves a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is appropriate in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory and legal predicate for the relief requested herein is section 1112 of the Bankruptcy Code and Local Rule of Bankruptcy Procedure 1017.

5. On March 4, 2011, the Debtor filed its Motion for Order: (I) Approving Secured Post-Petition Financing; (II) Approving Priming Lien and Super-Priority Administrative Claim; and (III) Approving Commitment Letter filed on March 4, 2011 [Docket No. 16] (as amended, the "Financing Motion"), seeking, inter alia, this Court's authorization for the Debtor to incur post-petition financing under a proposed \$9 million credit facility.

6. On March 11, 2011, International Bank of Commerce ("IBC"), the Debtor's pre-petition senior secured lender filed its *Amended Motion for Relief From Automatic Stay* [Docket No. 29] ("Lift Stay Motion").

7. On May 6, 2011, following hearings held on the Financing and Lift Stay Motions on March 31, 2011, the 11th, 13th, and 29th days of April 2011, and May 2, 2011, this Court announced its findings and conclusions and rulings thereon, determining to deny the Financing Motion and grant the Lift Stay Motion. The Court has since entered orders thereon.

8. As a result of these rulings, IBC will foreclose upon the estate's sole tangible assets (with the exception of nominal cash in the Debtor's accounts and estate claims) and the Debtor's sole means of generating revenues or cash flow, and the Debtor has no access to other funds for its rehabilitation.

II. RELIEF REQUESTED

9. The Debtor requests the immediate conversion of this case to a case under Chapter 7 of the Bankruptcy Code. Pursuant to section 1112 of the Bankruptcy Code, the Debtor-in-Possession has an unfettered right to convert this case to a case administered under Chapter 7. The case was commenced voluntarily, and no prior conversion of the case has been requested or ordered. Notwithstanding, in light of the practicalities, the Debtor also believes that conversion and the appointment of a Chapter 7 trustee is in the best interest of the estate.

WHEREFORE, PREMISES CONSIDERED, the Debtor respectfully requests that the Court enter its Order converting this case to a case under Chapter 7 of the Bankruptcy Code and granting to the Debtor such other and further relief to which it may show itself justly entitled.

Dated: May 12, 2011

Respectfully Submitted,

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Jay H. Ong
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COUNSEL FOR SW OWNERSHIP LLC,
DEBTOR AND DEBTOR-IN-POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 12th day of May, 2011, he personally caused to be served a true and correct copy of the foregoing pleading by filing same with the Court's CM/ECF system, and by first class, U.S. Mail, postage prepaid, on all parties listed on the attached Service List.

/s/ Jay H. Ong
Jay H. Ong

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